

Message Text

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15
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

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USMISSION USEC BRUSSELS
AMCONSUL GOTEBORG

LIMITED OFFICIAL USE STOCKHOLM 5204

E.O. 11652: N/A
TAGS: PINT, PFOR, SW
SUBJECT: LO TALKS TOUGH AFTER OPPOSITION VICTORY

REF: (A) STOCKHOLM 5145 (NOTAL), (B) STOCKHOLM 5184 (NOTAL)

1. BEGIN SUMMARY. A TOP LO OFFICIAL HAS PREDICTED
THAT THE ELECTION VICTORY OF THE NON-SOCIALIST PARTIES
WILL RESULT IN LONG AND DIFFICULT LABOR-MANAGEMENT
NEGOTIATIONS BEGINNING THIS AUTUMN AND INDICATED LO IS FULLY
PREPARED TO STRIKE TO BACK UP ITS DEMANDS. DESPITE
SUCH TALK WHICH WILL GROW MORE GRIM AND THREATENING
AS BARGAINING GETS UNDER WAY, ODDS ARE SETTLEMENT WILL
EVENTUALLY EMERGE WITHOUT OPEN CONFLICT. END SUMMARY.
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2. ORGANIZED LABOR'S EARLY REACTIONS TO DRAMATIC VICTORY OF NON-SOCIALIST PARTIES WERE UNFOLDED IN SEPTEMBER 20 PRESS INTERVIEW WITH LARS WESTERBERG, VICE-PRESIDENT OF SWEDISH CONFEDERATION OF TRADE UNIONS (LO). HE EXPLAINED THAT UNDER A GOVERNMENT WHICH SHARED ITS IDEOLOGICAL VIEWS LO HAD BEEN ABLE TO GAIN THROUGH LEGISLATION WHAT IT COULD NOT WIN AT BARGAINING TABLE. SINCE LEGISLATIVE FALL-BACK IS NO LONGER AVAILABLE, WESTERBERG SAID LO WILL HAVE TO BE MORE AGGRESSIVE IN SEEKING ITS OBJECTIVES THROUGH LABOR-MANAGEMENT NEGOTIATIONS, AND THIS WILL INCLUDE A GREATER READINESS TO RESORT TO STRIKES IF SATISFACTORY COMPROMISES CANNOT BE REACHED. HE ADDED THAT LO IS IN EXCELLENT POSITION TO SUSTAIN LONG STRIKES BECAUSE IT HAS BUILT UP HUGE STRIKE FUNDS DURING DECADES OF INDUSTRIAL PEACE.

3. WESTERBERG SUGGESTED THAT ELECTION RESULTS WILL FURTHER COMPLICATE ALREADY DIFFICULT NEGOTIATIONS SCHEDULED FOR THIS AUTUMN (PRESENT CONTRACTS EXPIRE JANUARY 1). WAGES WILL BE IMPORTANT BUT PERHAPS ONLY SECONDARY ISSUE AS LABOR AND MANAGEMENT ALSO ENGAGE IN PIONEERING EFFORT TO HAMMER OUT SET OF CO-DETERMINATION AGREEMENTS. HE RECALLED TAX REFORM PROPOSAL ENGINEERED LAST SPRING BY GOVERNMENT, LO AND TCO (NATIONAL WHITE-COLLAR LABOR FEDERATION) WHICH WOULD HAVE REDUCED INCOME TAXES IN RETURN FOR MODERATE WAGE DEMANDS BY UNIONS. THIS IS NOW DEAD LETTER, HE SAID, BECAUSE PARTIES NOW IN POWER WERE OPPOSED TO SHARPLY INCREASED EMPLOYER FEES THAT WERE TO MAKE UP FOR LOWERED PERSONAL TAXES. HE ALSO FELT THAT CO-DETERMINATION AGREEMENTS WOULD BE MUCH HARDER TO ACHIEVE BECAUSE OF CERTAIN LIMITS ON UNION ACTIVITIES TACKED ON BY THEN OPPOSITION PARTIES TO CO-DETERMINATION LAW ENACTED LAST JUNE. SOCIAL DEMOCRATS HAD PROMISED TO DELETE THESE AMENDMENTS IF THEY HAD WON ELECTION.

4. WESTERBERG CONCEDED RELUCTANTLY THAT MANY NON-UNION VOTERS MAY HAVE BEEN SCARED AWAY FROM SOCIAL LIMITED OFFICIAL USE

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DEMOCRATS BY LO'S STRONG ENDORSEMENT OF MEIDNER PROPOSAL FOR CREATION OF WAGE-EARNER FUNDS AND LO'S CALL FOR LAND NATIONALIZATION.

5. COMMENT: SWEDEN'S LARGEST AND MOST IMPORTANT LABOR ORGANIZATION IS FACING A DIFFICULT PERIOD. THE SOCIAL DEMOCRATIC PARTY'S DEFEAT WAS OBVIOUSLY A SEVERE BLOW TO ITS PRESTIGE AND IT IS LIKELY

TO EXPERIENCE HEAVY RANK-AND-FILE PRESSURE TO BE
MORE MILITANT AND PROVE THAT IT CAN STILL DEFEND
WORKER INTERESTS UNDER A NON-SOCIALIST GOVERNMENT.
AT THE VERY LEAST, WE CAN EXPECT LO TO ENGAGE IN A
GREAT DEAL OF SABRE-RATTLING. WHETHER THESE
THREATENING NOISES ARE TRANSLATED INTO ACTION WILL
DEPEND VERY LARGELY ON HOW THE NEW SITUATION IS
HANDLED BY EMPLOYERS AND THE NEW GOVERNMENT.
IT WOULD TAKE A LOT OF PROVOCATION TO MOVE THE STAID
AND SENSIBLE LO ONTO A COLLISION COURSE, AND IT
SHOULD NOT PROVE TOO DIFFICULT FOR EMPLOYERS AND
GOVERNMENT TO AVOID GIVING SUCH PROVOCATION. ON
ITS SIDE, LO WILL BE UNDER SOME COMPULSION TO SHOW
IT CAN STILL PLAY THE GAME RESPONSIBLY WHEN,
FOR FIRST TIME IN MANY YEARS, CARDS ARE NOT
STACKED IN ITS FAVOR.
SMITH

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